

**RESOLUTION NO. 2020 - 03
CAPITALIZATION POLICY**

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE VILLAGE OF MALCOLM, LANCASTER COUNTY, NEBRASKA, TO ESTABLISH A CAPITALIZATION POLICY FOR FIXED ASSETS

WHEREAS the Board of Trustees of the Village of Malcolm, Nebraska, desires to establish a capitalization policy for fixed assets in order to improve the internal control environment of the Village in accordance with modified cash basis of accounting;

NOW THEREFORE the Board of Trustees of the Village of Malcolm, Lancaster County, Nebraska resolves as follows:

1. "Capital assets" are assets that have an estimated useful life of greater than one year.
2. The capitalization threshold is \$5,000.00.
3. Capital assets resulting from cash transactions are accounted for as capital improvement or capital outlay disbursements.
 - a. Capital improvements: Disbursements for acquisition of real property or acquisition, construction, or extension of any improvement on real property.
 - b. Capital outlay: Disbursements for acquisition of capital assets to be inventoried (i.e. equipment, vehicles, etc.)
4. Donated capital assets are valued at their estimated fair value on the date donated.
5. Costs of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's useful life are not recorded as capital improvements or capital outlay.

Dated this 3rd day of June 2020

VILLAGE OF MALCOLM



David Rohe, Board Chairman

ATTEST



Nadine Link, Clerk